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Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 68/224 and Economic and Social Council resolution 2013/46, in which the Secretary-General was requested to submit a progress report on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action) and to report on steps taken to ensure mutual accountability. In resolution 68/224, he was also invited to report on further progress made towards including the implementation of the Istanbul Programme of Action in the agenda of the United Nations System Chief Executives Board for Coordination.

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I. Introduction

1. The Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action) constitutes a renewed and strengthened partnership for development. The Programme is articulated around eight priority areas of action aimed at overcoming the structural challenges faced by these countries, eradicating poverty, achieving internationally agreed development goals and enabling half of the countries to meet the criteria for graduation from the group (see A/67/88-E/2012/75 and Corr.1). Implementation of the Istanbul Programme of Action is anchored by a number of follow-up and monitoring mechanisms, including the present report.

2. Section II of the report assesses the recent performance and prospects of the least developed countries. Section III provides an analysis of progress made with respect to the goals and targets of the Istanbul Programme of Action. Section IV provides an overview of measures deployed by least developed countries, development partners and other stakeholders, including the United Nations system, in advancing the implementation of the Programme of Action. The section also includes measures related to graduation and smooth transition, as well as South-South cooperation. Section V presents conclusions and policy recommendations for the advancement of the implementation of the Programme of Action.

II. Recent performance and near-term prospects

3. The moderate economic recovery that began in many least developed countries in 2012 was sustained in 2013. Aggregate gross domestic product (GDP) for the group grew 5.6 per cent in 2013, up from the 4.3 per cent witnessed in 2012. Although displaying signs of strengthening, this performance is below that in the period 2001-2010, during which aggregate GDP rose by almost 7 per cent per annum, which is the target set in the Istanbul Programme of Action. Moreover, this recovery appears to have been unevenly distributed. The number of countries that grew by 7 per cent per annum or more declined from 14 in 2012 to 11 in 2013. Those countries that experienced robust and sustained economic expansion made gains in the reduction of extreme poverty and other development goals. For the group as a whole, however, the proportion of people living in poverty remained persistently high, with 50.8 per cent living on less than $1.25 per day over the period 2001-2012.

4. Overall, the moderate economic rebound in the least developed countries was the result of four growth stories. First, several least developed countries recovered either robustly or moderately from the low levels of, or negative, economic expansion recorded in 2012. The economies of Mali, South Sudan and Yemen improved in 2013, moving out of negative territory or accelerating from a lacklustre pace. Economic activity increased gradually in Mali, owing to the improved security situation and the resumption of donor assistance, which contributed to higher output in the service sector. Better weather conditions, which resulted in increased agricultural production, were also a factor. South Sudan's GDP rose steadily, owing to the rebound in oil production and exports, until the outbreak of a civil conflict in December 2013. Growth also recovered in Yemen, owing to robust non-hydrocarbon sector growth.

5. Second, many countries that did well are also among the very few that continued to nurture and sustain a high rate of growth over an extended period. Burkina Faso, Cambodia, Ethiopia, the Lao People's Democratic Republic, Liberia, Mozambique, Myanmar, Sierra Leone, Uganda, the United Republic of Tanzania and Zambia continued to expand rapidly at the rate sustained since the adoption of the Istanbul Programme of Action. The growth momentum in these countries was underpinned by buoyant activity in the mining and construction sectors (Liberia and Sierra Leone), increased public spending and robust construction and service activities (Ethiopia, the Lao People's Democratic Republic, Mozambique, Myanmar, Uganda and Zambia) and higher outputs in the manufacturing and service sectors (Bangladesh, Cambodia and the United Republic of Tanzania).

6. At the other end of the spectrum lie two other storylines: that of countries with persistently low economic growth and that of countries that witnessed significant moderation in their growth. Many of the least developed countries grew at a rate of 3 to 4 per cent and continued to experience a slow pace of expansion, partly because of narrow production and export bases, high transport costs and greater exposure to natural shocks. Growing domestic and regional insecurity and/or lower agricultural output took a heavy toll on the economies of Afghanistan, the Central African Republic and the Niger, curtailing the recovery that had taken shape in 2012. Growth decelerated markedly in these countries, sometimes reaching negative values, as in the case of the Central African Republic. Equatorial Guinea also experienced a slowdown, as oil output continued to decline.

7. Several additional factors contributed to the declining growth performance of these countries. These included the recent decline in official development assistance, including Aid for Trade, flows due to slow economic revival and fiscal consolidation in many donor countries; reduced export values resulting from declining commodity prices; weather-driven supply shocks; other domestic and regional developments, including political events and security; and the persistence of structural constraints.

8. Regarding the near-term outlook, GDP growth for the least developed countries is projected to reach 5.7 per cent in 2014, owing in part to continued strong public and private investment. The majority of countries that have sustained high levels of economic growth are likely to continue that growth in 2014. One common feature of the growth patterns in these countries will be the breadth of their economic expansion. Elsewhere, GDP growth is forecast to accelerate as a result of increased oil output (Chad), improved domestic and regional security (Mali and the Niger), full resumption of donor support (Guinea) and the expansion of tourism and increased private investment (Vanuatu).

9. Yet this improved outlook is subject to a number of uncertainties. On the international front, the phasing-out of accommodative monetary policies and continued fiscal consolidation in advanced economies could reduce private flows and official development assistance to the least developed countries, impeding investment and growth. A significant slowdown in the major emerging market countries would reduce demand for primary commodities and act as a drag on exports. Deterioration of the security situation in some regions could constrain economic activity in these countries and their neighbours. At the country level, social and political tensions could undermine GDP growth. Weather-related shocks and their impact on rain-fed agriculture and potential spillover effects to other

sectors are also a significant threat. The lack of infrastructure and access to energy will continue to hamper economic activity in the least developed countries.

10. Added together, these threats illustrate the challenge of sustaining growth over the long run. Sustainable progress in human and social development depends in large measure on maintaining high and sustainable economic growth. The few countries that have made substantial inroads in reducing extreme poverty and meeting other development goals are those that have experienced robust growth, higher value addition and better integration into the global economy.

III. Progress on the implementation of key priorities of the Istanbul Programme of Action

11. Addressing the structural disadvantages of the least developed countries and helping them to enter a path of sustainable development and growth requires significant progress in the eight priority areas of the Istanbul Programme of Action. The relative weights of various economic sectors in most countries did not change significantly compared with their decade averages, suggesting limited progress in structural transformation. As argued in the report of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States entitled "State of the least developed countries 2013: follow-up of the implementation of the Istanbul Programme of Action for the Least Developed Countries", accelerating these changes will require sustained progress in productive capacity-building.

Productive capacity-building

Infrastructure

12. Of the various components of information and communications technology, mobile telephony continued to experience the greatest expansion in 2012. Nearly 5 in 10 people in the least developed countries were mobile/cellular telephone subscribers in 2012, compared with only 4 in 10 in 2011. Cambodia, the Lao People's Democratic Republic and Mauritania exceeded a 100 per cent subscription rate for the first time in 2012, while Eritrea and Somalia had the lowest mobile/cellular subscription rates, at single-digit levels. Yet a large rural-urban divide persisted even in countries that performed well.

13. By contrast, the rate of Internet usage, while growing, remained low. Only Bhutan, the Sudan and Tuvalu had usage rates greater than 2 in 10. The number of Internet users was only about 1 per 100 inhabitants in Burundi, the Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Myanmar, the Niger, Sierra Leone, Somalia and Timor-Leste in 2012. Large differences existed between urban and rural areas. In many cases, low Internet usage coincided with sub-par quality of services and high tariffs.

14. New developments in the information and telecommunications technology sector, in particular the roll-out of national fibre backbones and the emergence of mobile-broadband services, offer real opportunities to bring retail prices down significantly and expand Internet access. However, this will require improvements in the regulatory framework governing technology infrastructure. These interventions

should be coupled with efforts to expand the resources and capacities needed to fully harness Internet connectivity, including literacy, skills and access to reliable energy supplies.

15. Efforts to improve railway connections within the least developed countries and between neighbouring countries have resulted in many projects to upgrade existing infrastructure and expand networks. A series of projects linking China, the Lao People's Democratic Republic and Myanmar is now under way. Similar projects are in the works to link the Niger, Burkina Faso and Côte d'Ivoire (the main transit country for the former two countries) and to connect Rwanda with the United Republic of Tanzania and, eventually, Burundi.

16. Despite these developments, many least developed countries continue to have non-functional railway networks, owing to years of undercapitalization. Those that are operational face challenges, including institutional and regulatory gaps and missing intra- and intermodal links, which hamper the operational readiness of rail linkages.

17. Some recent initiatives to address poor road conditions include projects under way in Angola, Ethiopia, Nepal, Rwanda and Uganda. Regional highway initiatives have also benefited many least developed countries.

18. However, many transport corridors within least developed countries and connections to neighbouring countries, particularly in Africa, are missing. Simultaneous improvements are needed in the institutional regulatory dimensions of road transport that currently constrain the expansion and efficiency of transport sectors and cross-border trade.

19. Further improvements in physical infrastructure, cost structure and the institutional and regulatory frameworks underpinning air transport markets and safety conditions could enable air transport to play a major role in expanding connectivity within many least developed countries and between these countries and the rest of the world. Currently, the level of air traffic in least developed countries, in terms of both passenger flows and volume of freight, is well below that of other developing countries.

20. Low air traffic is the result of a number of factors, particularly weak demand due to low purchasing power, high prices and limited competition. Among the initiatives bringing down the exceptionally high cost of air transport services are low-cost carriers. One example is the recent launch of FastJet in the United Republic of Tanzania. Another important initiative is the Yamoussoukro Decision, which enables a carrier based in any African country to operate between any pair of cities in Africa. This is increasingly being implemented in West and Central Africa.

21. The Liner shipping connectivity index, which provides an indication of how well countries are connected to global shipping networks, shows some of the challenges that least developed countries face in maritime connectivity. Djibouti displays the highest value, with a score of 16.6 out of 100 in 2012. While landlocked countries face the particular challenge of land transport in neighbouring countries, small island countries often lack the economic scale to take part in international maritime transport and may also lack a deep-water port. In addition to the structural challenges associated with maritime transport, maritime piracy poses a growing threat to maritime traffic, especially off the coasts of East and West Africa. Growing maritime insecurity caused a 70 per cent decline in Benin's maritime

traffic during the third quarter of 2011, in part because of the resultant rising costs of insurance and shipping.[1]

Energy

22. Less than a third of the combined total population of the least developed countries is connected to a power supply, with access levels ranging from 1.5 per cent in South Sudan to 76.3 per cent in Nepal. The situation is all the more daunting in rural areas, where, on average, only 18 per cent of the population is connected to a power supply. Low access to electricity in many countries stems from an inadequate, irregular or unreliable energy supply and prohibitively high prices. Such limited access causes many to rely on solid combustibles for cooking and heating, with adverse environmental effects and health consequences, especially for women.

23. Renewed interest in and financial support for sustainable energy, whose potential is high in many least developed countries, have led to large-scale investments in the refurbishment and expansion of the power infrastructure in some countries. Guinea, Uganda and Zambia recently initiated major hydropower projects, adding to those already under way in Bhutan, Ethiopia and the Lao People's Democratic Republic. Other renewable energy projects are being planned or are under way in Ethiopia and Lesotho (wind), Ethiopia and Rwanda (geothermal) and Mauritania (solar).

24. The use of renewable energy is also at the core of many rural electrification programmes currently being pursued in many least developed countries. One success story is the construction and effective community-driven management of more than 1,000 micro-hydro plants in 52 districts in Nepal. Harnessing the least developed countries' abundant sources of renewable energy and maintaining existing and newly built power infrastructure (including power plants and national and regional grids) require that additional capital be directed into large- and small-scale projects alike. Similarly, the establishment of appropriate policies is necessary to ensure support for the population's access to on-grid and off-grid energy.

25. Strong public-private partnerships are needed in this regard. Existing and potential vehicles, such as green bonds, the simultaneous use of concessional funding, private equity and multilateral investment guarantees, pension funds and sovereign funds, could be leveraged to raise the needed capital. In addition to capital, achieving universal access to a reliable and affordable source of energy requires bolstering sector planning and improving the management of public utilities, as well as addressing the operational inefficiencies of power utilities, including distribution losses and revenue undercollection, which impede their financial viability and deter private investment in power generation and distribution. One of the major developments in recent years has been stronger support for the Secretary-General's Sustainable Energy for All initiative, which promotes partnerships among Governments, business and civil society.

26. The energy sector in the least developed countries needs to be bolstered by long-term national energy policies with cross-sectoral transformative linkages and action plans. The stability of the policies and enabling regulatory measures will be

[1] See http://www.unodc.org/documents/toc/Reports/TOCTAWestAfrica/West_Africa_TOC_PIRACY.pdf.

critical. Appropriate and specific business models need to be supported by robust global partnerships so as to ensure, on a priority basis, long-term investment in the energy sector.

Science, technology and innovation

27. Traditional channels through which technology is diffused and innovation is fostered are not always effective in the least developed countries. Foreign direct investment inflows, capital goods imports, the payment of royalties and licensing fees and trade in high-technology products are still too marginal to exert any significant influence on innovation and technology transfer.

28. A lack of resources and skills also constrains the ability to use, service and maintain transferred technologies. Many countries channel only 0.1 to 0.4 per cent of their GDP to research and development. The ratio of researchers in research and development per million people ranges from 21 in Lesotho to 384 in Senegal.

29. The intellectual property rights regimes of the World International Property Organization and the Trade-Related Aspects of Intellectual Property Rights Agreement of the World Trade Organization (WTO) offer some flexibility to least developed countries in gaining access to technologies relevant to their development through exemptions that were renewed in July 2013 for eight years. However, the monitoring of the degree of compliance with these agreements is loose, limiting the effectiveness of the concessions.

30. The operationalization of the Secretary-General's proposal for a technology bank dedicated to the least developed countries will constitute an important step towards supporting technology transfer and innovation. This bank will rest on three pillars: (a) a patent bank to help least developed countries access and use appropriate technologies; (b) a science, technology and innovation supporting mechanism to help improve least developed countries' scientific research and innovation base; and (c) a science and technology research depository to promote the global networking of researchers and research institutions from least developed countries.

Private sector development

31. The expansion of the stock of economic infrastructure in many least developed countries is part of the effort to improve the business environment under which the private sector operates and to unlock that sector's potential for economic growth, employment generation and poverty eradication.

32. Institutional and regulatory reforms with the same aim are being carried out in a number of least developed countries. Thanks largely to these reforms, Burundi, Djibouti and Rwanda are among the top 10 countries in the world in terms of having eased obstacles associated with the creation and running of businesses.[2] Some of these reforms are directed towards easing access to production factors, in particular, capital. Afghanistan has adopted a unified collateral registry, while Bhutan has

[2] International Bank for Reconstruction and Development/The World Bank, *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises* (Washington, D.C., 2013).

adopted new regulations underpinning the licensing and functioning of its credit bureau and secured the right of borrowers to access credit information.

33. Despite these reforms, much needs to be done to address the structural constraints on private sector development, including the paucity of medium-sized enterprises in the enterprise structure, the large size of the informal sector and low productivity. A holistic approach to the further institutionalization of private sector development, including small and micro enterprises, and the building of productive capacity will be critical if least developed countries are to embark on a path of rapid and sustainable development.

Agriculture, food security and rural development

34. Only 24.6 per cent of aggregate GDP in the least developed countries was generated by agriculture over the 2011-2012 period. The relatively small contribution of agriculture to GDP contrasts with the still overwhelming size of the sector with regard to employment. Rural areas are home to more than 70 per cent of the population of the least developed countries. Such a contrast mirrors the low productivity and widespread underemployment in rural areas.

35. Low productivity and widespread underemployment are tantamount to low income and purchasing power for the majority of the population of least developed countries. Because of the limited availability and affordability of food, progress in eradicating hunger and malnutrition has been slow. In relative terms, the share of the undernourished in the total population of these countries decreased to 29 per cent in the period 2011-2013, down from 31 per cent in the period 2008-2010.[3] However, in terms of the absolute number of people affected by undernourishment, hunger is still pervasive, with an estimated 252 million people living with hunger in the least developed countries in the period 2011-2013.

36. A few least developed countries have done relatively well in improving agricultural productivity. For example, Bangladesh, Ethiopia, Nepal, the Niger and Rwanda have lowered both the relative and the absolute numbers of their populations suffering from hunger. Key contributing factors to this success include increased productivity, helped by rising public investment in the agricultural sector and the adoption of enhanced varieties of crops and yield-enhancing technologies, along with the expansion of safety net programmes with a focus on women and children.

37. In most cases, malnutrition and hunger patterns have moved together. Malnutrition among children, particularly, continued to have far-reaching effects on other human and social indicators. There are instances where relatively modest hunger prevalence coincides with high malnutrition, validating concerns about the effective use of available food. In such circumstances, the challenge is to expand access to nutritious food and encourage dietary diversity, among other things.

[3] Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development and World Food Programme, *The State of Food Insecurity in the World 2013: The multiple dimensions of food security* (Rome, 2013).

Trade

38. The rate of the expansion of trade in the least developed countries decelerated significantly in 2012. In that year, the total value of exports of goods and services amounted to $232.7 billion. This represents an increase of only 0.7 per cent, compared with the 24 per cent increase recorded in 2011. Paralleling this development is the rate of the growth of imports, which also slowed, although not as dramatically as that of exports. The total value of imports of goods and services grew by only 3.6 per cent in 2012.[4] The moderation in commodity prices played a significant role in the steep decline in the value of exports and imports in the least developed countries, yet many of them still face severe trade-balance-related challenges.

39. The share of least developed countries in total trade worldwide remained at virtually the same level as in 2011. Together, they accounted for 1.11 per cent of the world's exports of goods and services, substantially below the target of 2 per cent set to be achieved by 2020.

40. The composition of exports continued to be dominated by primary commodities, which accounted for 79 per cent of the least developed countries' exports of goods in 2012. This was slightly higher than in 2010, when primary commodities represented 77 per cent of total exports.

41. Continuing a shift that started more than a decade ago, a growing share of exports from the least developed countries went to developing countries, increasing from 40 per cent in 2000 to 52 per cent in 2012.

42. The rate of progress achieved by developed countries in extending market access to least developed countries slowed somewhat in 2011. The share of least developed countries' exports that benefited from duty-free treatment rose to 83 per cent in 2011, up from an average of 80 per cent between 2005 and 2010. While the majority of developed countries extended full, or virtually full, market access to the least developed countries, the duty-free, quota-free access stipulated in the Doha Development Agenda has yet to be fully implemented and remains a priority.

43. India and the Republic of Korea granted levels of trade preferences comparable to those extended by developed countries. China committed to reaching a duty-free and quota-free coverage of 97 per cent for least developed country exports by 2015, up from the current level of 60 per cent.

44. At the Ninth Ministerial Conference of WTO, held in Bali, Indonesia, in December 2013, WTO members reaffirmed their commitment to duty-free, quota-free market access for the least developed countries. WTO also agreed on the operationalization of the 15-year service waiver and the principle that the new Aid for Trade work programme should be informed by the post-2015 development agenda. WTO members also reached an agreement on trade facilitation that may benefit the least developed countries. These agreements, if implemented, will be an important step towards improving market access to the least developed countries.

[4] See WT/COMTD/LDC/W/51.

Commodities

45. Primary commodities made up almost 80 per cent of the least developed countries' exports of goods during the reporting period. This composition of exports mirrors to a large extent the structure of the least developed countries' production base. The economies of most of these countries are dominated by natural resource-based sectors with limited technology spillovers or opportunities for productivity growth and quality upgrading. The market share of the commodities sector has grown over the past decade, bolstered in part by a commodity price boom. By contrast, manufacturing, considered a good measure of successful economic diversification and structural transformation, stagnated at less than 10 per cent of GDP.

46. There has been some success in commodity and trade diversification. For example, Bangladesh, Cambodia, Ethiopia, Rwanda and the United Republic of Tanzania have developed new sectors and/or achieved a more balanced mix of existing sectors (in favour of higher value added sectors) and/or upgraded the quality of products and services already being produced. These changes have been accompanied by similar changes in the composition of exports.

47. These successes also come with certain challenges, particularly in those countries where the growth model described above seems to have reached its limit after several years of remarkable gains. One challenge is moving beyond the production of ready-made garments to industries with higher value added technology content.

Education and training

48. Given the sustained attention at both the national and global levels, primary education enrolment rates continued to rise in most of the least developed countries. Net primary enrolment increased from 78 per cent in 2010 to 81 per cent in the period 2011-2012. Progress was all the more remarkable in Burkina Faso and the Niger, both of which started off with very low percentages of children enrolled in primary education.

49. Improvement in primary school completion rates did not match the pace at which enrolment expanded. However, the aggregate scorecard on completion rates masks the significant achievements of a few countries. The Lao People's Democratic Republic and Rwanda were among the countries that recorded the strongest reductions in primary school dropouts.[5] Female students, students from poor households and those living in rural areas and with disabilities were less likely to enrol in and complete primary education.

50. Although a growing number of children have been enrolled and gender parity in primary education has been achieved in some of the least developed countries, the quality of education has not kept pace. The limited qualifications of teachers, together with inadequate teaching equipment and increased class size, conspired to hamper the quality of education.

[5] United Nations Educational, Scientific and Cultural Organization, *EFA Global Monitoring Report 2013/4, Teaching and Learning: Achieving quality for all (2014)*.

51. Factors that hindered enrolment and learning in primary education were also common and even more pronounced in secondary, vocational, technical and tertiary education. As a result, enrolment growth was modest at these levels, declining sharply throughout the education ladder. Combined with limited quality, this situation resulted in insufficient knowledge and skills among students entering the labour force.

Population and primary health

52. Child mortality rates declined in most of the least developed countries, although often at a pace below that required to achieve the Millennium Development Goal target, reaffirmed in the Istanbul Programme of Action, of a two thirds reduction from 1990 levels. Average under-five child mortality in the least developed countries was estimated at 85 deaths per 1,000 live births in 2012, a level that far exceeded the average in other developing countries.

53. There were some exceptions. Bangladesh, Ethiopia and Liberia had already met the target, while Bhutan, Madagascar, Malawi, Nepal, Niger and Rwanda reduced their child mortality rates by 60 per cent or more.[6] Factors underlying these gains varied across countries, but they included improved national health systems and health infrastructure, better nutrition for children and mothers, improved access to reproductive health care, the expansion of immunization programmes and improved child and maternal care.

54. The direction of change in maternal mortality rates paralleled that in under-five mortality rates. The countries that made notable gains in increasing child survival also made good progress in reducing maternal mortality. A few other countries that did not increase child survival did make progress in reducing maternal mortality. Despite this progress, however, only Bhutan, Equatorial Guinea and Nepal have achieved the target of cutting maternal mortality rates by three quarters from 1990 levels.[7]

55. The prevalence of HIV as a percentage of the population aged 15-49 in the least developed countries declined marginally, from 2.07 per cent in 2010 to 2 per cent in 2012. Virtually unchanged prevalence rates imply that the absolute number of people affected by HIV/AIDS continued to increase. Lesotho, Malawi, Mozambique and Zambia continued to record double-digit prevalence rates, among the highest in the world. Mortality rates due to AIDS declined, owing to greater access to antiretroviral drugs. Cambodia, Rwanda and Zambia secured access to antiretroviral therapy for 80 per cent or more of their populations living with HIV. Although malaria and tuberculosis cases trended downward, the least developed countries still have the highest incidence of these two diseases in the world.

Youth development

56. Significant improvements have been made in youth literacy as a result of sustained efforts to expand access to primary and secondary education. The literacy

[6] *Millennium Development Goals Report 2013* (United Nations publication, Sales No. E.13.I.9).

[7] World Health Organization, *Trends in Maternal Mortality: 1990 to 2010, WHO, UNICEF, UNFPA and The World Bank estimates* (Geneva, 2012).

rate among persons aged 15-24 rose from 73 per cent in the period 2000-2002 to 81 per cent in the period 2010-2012. Such progress seems to have been uniformly distributed across gender. Although both female and male literacy rates for youth converged, gender imbalances persisted for skills, other than basic reading and writing skills, needed for entering and performing effectively in job markets.

57. Overall, the limited amount of progress made in terms of the acquisition of job-related skills by youth, irrespective of gender, resulted in increasing numbers of unemployed literate youth. Furthermore, low levels of education, lack of employable education and skills, the limited employment generation capacity of many economies and underdeveloped social protection implied that large numbers of youth were also underemployed or involved in low-income self-employment, informal jobs or unpaid work.

58. The issues of youth employment and empowerment have gained increased attention at the global, regional and country levels. The preparatory process in the lead-up to the International Conference on Population and Development beyond 2014 has served as a platform for youth to provide their perspectives on a set of issues relevant to their development. Some of these issues have increasingly found echoes in a growing number of least developed countries. Many of them have adopted action plans, and some have earmarked resources in their budgets for the implementation of youth employment and empowerment programmes.

Shelter

59. Rapid population growth in least developed countries continued to increase the demand for land and housing, particularly in urban areas. The pressures are even stronger in countries in conflict or emerging from conflict, where internally displaced people and returning refugees are further widening the housing gap. The shortage of housing in Afghanistan, for example, is estimated at 1-1.5 million units and is most severe in urban areas.[8]

60. The housing shortage reflects the insufficient supply of affordable dwellings. Among its causes are the high costs of construction, complex land tenures and poorly developed housing finance. Since the supply of affordable housing does not cover the demand, many families revert to the informal housing market, mostly slums and informal settlements. These settlements are often located in low-lying flood-prone areas or on landslide-prone hillsides and lack full access to water, sanitation and energy. All five cities that scored the lowest in the city prosperity index of the United Nations Human Settlements Programme (UN-Habitat) are in least developed countries.[9]

61. Given the growing links with some emerging countries, a number of least developed countries have initiated vast housing projects, including slum upgrades and new housing, all carried out under the auspices of public-private partnerships or by governments. Success has been mixed, with most of these projects being small in

[8] The World Bank, *Expanding Housing Finance to the Underserved in South Asia: Market Review and Forward Agenda* (2010).

[9] United Nations Human Settlements Programme, 2012 (UN-HABITAT), *State of the World's Cities Report 2012/2013: Prosperity of Cities* (Nairobi, 2012).

scale compared with demand and failing to reach the expected beneficiaries: low-income households and the poorest.

Water and sanitation

62. The proportion of people using an improved drinking water source increased slightly from 60.5 per cent in 2005 to 65.1 per cent in 2011. This aggregate figure concealed major progress in Bhutan, Sao Tome and Principe and Tuvalu, where nearly universal access has been achieved. Large differences in access exist between urban and rural areas and among various socioeconomic groups. The aggregate figures also do not fully capture the measure of the challenges of water security across least developed countries, including service reliability and other important dimensions of access, such as the burden in terms of the time and effort required to collect water, which often falls on women and girls.

63. Access to improved sanitation facilities was even more limited. Only about one third of the citizens of the least developed countries have access to basic sanitation facilities. Limited access to improved drinking water sources and sanitation facilities have implications not only for health and the environment, but also for the prospects for achieving gender equality, economic empowerment, education and overall growth in the least developed countries.

Gender equality and the empowerment of women

64. The drive to achieve gender parity in primary education over the past decade has paid off, with more than one third of the least developed countries having reached, or close to reaching, parity. This target was even exceeded in the period 2011-2012 in the Gambia, Mauritania, Rwanda and Senegal. The situation also improved in secondary education, which benefited both from years of improved gender parity in primary education and from campaigns to eliminate obstacles to girls' enrolment, attendance and achievement. There remains a good deal to be done to achieve parity in tertiary education, however. The percentage of female students in tertiary education rose slightly to 39 per cent in the period 2011-2012, up from 35 per cent in 2005.

65. As in many other countries, improved parity in education has not always translated into commensurate gains in paid employment opportunities for women, owing to a host of factors. Limited demand for the training and skills in which most female students specialize and inadequate regulations and practices guiding work and family life, among other things, place women at a disadvantage in labour markets and result in unequal job opportunities. Because of this, the majority of women continue to work in the informal sector. Together with their limited access to productive assets, such as land and capital, and the persistence of violence against women and girls, this limits the contribution of women to development and increases the feminization of poverty.

66. By contrast, the political representation of women, particularly representation in parliaments, continued to improve. The share of women in parliaments more than doubled from 9.3 per cent in 2001 to 19.3 per cent in 2013. Women hold a third or more of parliamentary seats in Angola, Mozambique, Nepal, Rwanda, Senegal, Timor-Leste, Uganda and the United Republic of Tanzania. Of the three countries

that posted the greatest increase in women's representation in parliaments in 2012, two are least developed countries (Senegal and Timor-Leste). The use of legislated quotas for women contributed in part to this success.

Social protection

67. The majority of least developed countries have designed and operationalized formal safety net programmes, ranging from food provision to cash and in-kind transfer programmes. Most schemes are designed to cushion the impact of shocks on the well-being of vulnerable groups.[10] Bangladesh has established more than 30 public safety net programmes to reduce poverty and promote inclusive growth. These programmes complemented those led by the private sector, in particular the Grameen Bank's microfinance programme.

68. Many least developed countries have tried to expand the coverage of existing programmes, some of which have been operated on a pilot basis, and to improve the institutional frameworks underpinning them. Rwanda and the United Republic of Tanzania have designed sustainable and increasingly institutionalized programmes supported by key ministries, such as those of finance, economy and planning. Ethiopia, Guinea, Mali, Mozambique, the Niger and Senegal have designed flexible and predictable safety net systems.[11] Despite these reforms, most safety net programmes continued to be fragmented, donor-reliant, administered on an ad hoc basis and designed as emergency responses, rather than as continuous support instruments, to attend to the needs of large swathes of chronically vulnerable groups.

Economic shocks

69. As least developed countries recover from the economic and financial crisis, fiscal, monetary and exchange rate policies have gradually shifted to a tightening mode, although at varying paces. As a result, fiscal and current account balances have improved and the stock of foreign reserves has expanded slightly. Such gradual rebuilding of domestic policy buffers has been supported in part by continued debt relief efforts, under the enhanced Heavily Indebted Poor Countries Debt Initiative of the World Bank and the Multilateral Debt Relief Initiative of the World Bank and the International Monetary Fund (IMF), which have helped many countries to avoid rapid debt accumulation. The ratio of total foreign reserves to external debt in the least developed countries rose from 54.6 per cent in 2010 to 63.7 per cent in 2011-2012. During the same period, the debt service burden was unchanged.

70. The improved domestic policy buffers have been accompanied by the development of new regional and global financing instruments or the refinement of existing ones. For example, the Executive Board of IMF has allocated additional resources to its concessional financing windows, to which the majority of least developed countries have access. However, the effectiveness of such concessional

[10] These schemes include public works programmes, fee waiver programmes, cash, near-cash transfer programmes, complementary social protection programmes, such as microcredit or grant programmes targeting vulnerable groups, and general price subsidies.

[11] Victoria Monchuk, *Reducing Poverty and Investing in People: The New Role of Safety Nets in Africa* (Washington, D.C., International Bank for Reconstruction and Development/The World Bank, 2014).

financing instruments could be further improved by the addition of resources and better targeting to the needs of the poorest and most vulnerable countries. Also, more flexible conditions for access to these resources would ensure their timely delivery.

71. While both domestic and external buffers have improved, the structural vulnerability of a majority of the least developed countries has increased, owing to the limited diversification of production and export bases. This implies greater exposure to exogenous shocks and an increased likelihood of growth volatility.

Climate change and environmental sustainability

72. The global phenomena of rising air and ocean temperatures, higher sea levels and the melting of glaciers are coinciding with more frequent extreme weather conditions in least developed countries, including storm surges, droughts, tornadoes, cyclones, floods, landslides and flash floods. This suggests that these countries are disproportionately bearing the burden of climate change, as they are the least equipped to recover from these events.

73. Reports indicate that from January 2010 to July 2013, least developed countries suffered two thirds of the global human casualties associated with climate-related events,[12] although these countries account for only one eighth of the world's population.

74. Forty-seven least developed countries have formulated national adaptation programmes of action, with the participation of all major stakeholders, and set priorities that require immediate action. Implementation of these programmes is lagging, however, owing in part to limited delivery of climate-related finance. The total contribution of donors to the Least Developed Countries Fund stood at $680 million as of September 2013, representing only 2 per cent of the fast-start finance commitments made at the Copenhagen Climate Change Conference in 2009.

75. Despite the limited delivery of climate change finance, Bangladesh, Bhutan, Cambodia, Ethiopia, the Gambia, the Lao People's Democratic Republic, Mozambique, Nepal and Rwanda have embarked on low-carbon, climate-resilient development paths, with plans and strategies underpinned by time-bound priorities, financial mechanisms and supportive institutional architecture, building on their national adaptation programmes and nationally appropriate mitigation actions.[13]

Disaster risk reduction

76. The United Nations International Strategy for Disaster Reduction index shows the limited disaster reduction capacity of the least developed countries: the six countries with the highest score (indicating those that compare less favourably) are least developed countries.[14]

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[12] International Institute for Environment and Development, "A burden to share? Addressing unequal climate impacts in the least developed countries", briefing given in November 2013.

[13] International Institute for Environment and Development, "Low-carbon resilient development in the least developed countries", briefing given in November 2013.

[14] Office of the High Representative for the Least Developed Countries, Landlocked Developing

77. Limited resources and high exposure to natural hazards add up to a significant risk for major economic damage. For example, hydrometeorological and other natural hazards caused Mozambique to lose the equivalent of 12 per cent of its gross fixed capital formation in 2011.[15] This damage would be even more substantial in small island countries, whose small size and geographically concentrated population place them at a higher risk for significant losses as a result of earthquakes, cyclones and tsunamis. Estimates from the *Global Assessment Report* global model suggest, for example, that Solomon Islands and Vanuatu are likely to endure losses of more than 30 per cent of the value of their produced capital in the case of an earthquake of such a magnitude that it has a chance of occurring once in 250 years.

78. There has been some progress, including in institutionalizing and mainstreaming disaster reduction management strategies and shifting focus from an ex post disaster response to a more comprehensive approach. Ethiopia and Mozambique have built comprehensive risk profile databases, which will enable planners to formulate appropriate responses based on better risk profiling. Many least developed countries have designed and implemented national disaster reduction strategies, many of them embedded in national development plans. Bangladesh has formulated its national plan for disaster management, whose provisions are consistent with international conventions. Regional initiatives complement national ones, with a shift to multi-hazard risk approaches to disaster reduction management from those focusing on a single risk. The Pacific Catastrophe Risk Assessment and Financing Initiative is one example of such regional initiatives.

79. Despite recent progress, administrative machineries at the national and subnational levels lack expertise, notably skills to assess hazards and manage monitoring operations. Budgetary resources allocated to disaster reduction management (sometimes the product of budget reallocations away from other development priorities) are not commensurate with real needs. Furthermore, the risks posed by climate change are not sufficiently reflected in existing disaster reduction strategies.

Domestic resource mobilization

80. Domestic savings as a percentage of GDP in the least developed countries reached 15 to 16 per cent in the period 2011-2012, higher than the decade average. This level of savings mirrored not only continued strong showings in resource-rich least developed countries, but also rising savings rates in a number of fast-growing least developed countries, including Ethiopia and the United Republic of Tanzania.

81. Underpinning this increased domestic savings is improved government savings, which in turn reflects improved government revenue collection, although from low bases. The ratio of government revenue, excluding grants to GDP, also rose to almost 13 per cent in 2011, but was far behind levels in other developing countries. Exceptionally low domestic resource mobilization by Governments is the by-product of weak economic structures, as well as weaknesses in tax structures and administration.

Countries and Small Island Developing States, "State of the least developed countries 2013: follow-up of the implementation of the Istanbul Programme of Action for the Least Developed Countries" (2013).

[15] United Nations, *Global Assessment Report on Disaster Risk Reduction 2013* (2013).

82. Most of the least developed countries have pursued a number of reforms aimed at strengthening revenue collection and administration capacity. These reforms feature three main components: the adoption of a value-added tax, the introduction of improved tax administration practices and the establishment of autonomous tax administrations.

Official development assistance

83. The decline in official development assistance flows to least developed countries that started in 2011 further accelerated in 2012. Aid from the Development Assistance Committee members of the Organization for Economic Cooperation and Development (OECD) dipped to $40.56 billion in real terms, which corresponded to a 9.4 per cent decrease compared with 2011. This decline was even more pronounced in the least developed countries than in other developing countries, resulting in the reduction of the share of least developed countries in total official development assistance from Development Assistance Committee countries from 0.34 per cent in 2010 to 0.31 per cent in 2012.

84. The steady drop in the number of OECD countries that meet or exceed the lower bound of the United Nations target of 0.15 per cent of gross national income as official development assistance to least developed countries also mirrored this trend, declining from 10 in 2010 and 9 in 2011 to only 8 in 2012. The eight countries were Denmark, Finland, Ireland, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland. Australia, Germany, Iceland, Japan and New Zealand managed to increase, or at least keep unchanged, their level of aid, in spite of the inauspicious domestic and global economic environment.

85. Preliminary estimates for 2013 and the outlook for 2014 are mixed. Bilateral net official development assistance to least developed countries is estimated to have increased by 12.3 per cent in 2013, probably owing to the debt relief received by Myanmar in that year. More worrisome, however, is the estimate of country programmable aid, a good measure of aid effectively received by recipient countries; it is forecast to abate by 5 per cent in 2014, owing to diminished access to the grant resources on which least developed countries are very much reliant.

86. There has been some limited progress in the quality of aid. The share of untied aid continued to rise in 2012, although it was still below the level reached in 2009. Growing attention was given to productive sectors in aid allocation as well as to the use of recipients' public financial management systems. By contrast, no major breakthroughs were achieved on aid fragmentation and predictability and, as noted above, grant resources have been declining.

External debt

87. Thanks to a decade-long debt relief effort, in particular through the enhanced Heavily Indebted Poor Countries Debt Initiative, the Multilateral Debt Relief Initiative and many years of strong economic growth, the external debt burden of many least developed countries has been brought to sustainable levels. External debt stock as a percentage of gross national income for the least developed countries averaged 28 per cent in 2011 and 2012. Mirroring such relatively low external debt

stock, the ratio of debt service to exports of goods, services and income also declined significantly, reaching 4 per cent in 2012.

88. However, not all least developed countries have benefited from or been eligible for the enhanced Heavily Indebted Poor Countries Debt Initiative or the Multilateral Debt Relief Initiative, and not all those that have been qualified have actually received full debt relief. For example, Chad, Eritrea, Somalia and the Sudan, all least developed countries, have yet to enjoy full debt relief, having failed to meet the conditions for such relief. Furthermore, some beneficiaries of the initiatives have not reaped all their benefits, as a number of smaller multilateral institutions, non-Paris Club official bilateral creditors and commercial creditors, whose share of these countries' outstanding debt stock is not negligible, have granted only part of the expected cancellation. Factors outside these initiatives, particularly continued dependence on developments in commodity prices, are placing some least developed countries at a high risk of debt distress.

89. Although the enhanced Heavily Indebted Poor Countries Debt Initiative and the Multilateral Debt Relief Initiative have helped alleviate the debt burden for many least developed countries, they have not fully dealt with debt overhang in vulnerable countries. While the discourse on sovereign debt restructuring has resulted in agreement on the broad principles underpinning such restructuring, including fair burden-sharing between debtors and creditors and legal predictability, this consensus has yet to translate into concrete changes.

Foreign direct investment

90. The least developed countries recorded unprecedented levels of foreign direct investment inflows in 2012 amid low returns on assets in developed countries, benefiting from the increased appetite of global investors for assets in developing countries. These private flows rose to $26 billion, representing a 20 per cent increase compared with the 2011 level.[16] At the same time, foreign direct investment outflows from least developed countries reached $5 billion in 2012. More than 20 least developed countries experienced negative net flows. The volume of greenfield investment projects in the least developed countries receded to its lowest level in six years in 2012. This decline reflected a significant reduction in the number of planned projects in primary and related processing industries.

91. Investment continued to be concentrated geographically and by sector. Resource-rich countries continued to account for the largest share of these flows, with the Democratic Republic of the Congo, Equatorial Guinea, Mozambique, Myanmar and the Sudan attracting over $2 billion each. Not surprisingly, foreign direct investment targeted natural-resource-based sectors, although the share of these sectors in total foreign direct investment flows was eroding. This may bode well if the growing share of the non-natural-resource sector, including manufacturing and services, is accompanied by greater value addition and job creation as well as increased technology transfer and capabilities accumulation.

[16] United Nations Conference on Trade and Development, *The Least Developed Countries Report 2013: Growth with Employment for Inclusive and Sustainable Development* (2013).

Remittances

92. Officially recorded remittance flows to all least developed countries stood at $30.5 billion in 2012. This represented an 11 per cent increase compared with the 2011 level. The sustained growth reflected the continued rise of remittances in some of the largest recipients, particularly Bangladesh and Nepal.

93. Despite some innovations that have been brought to the industry, including the provision of international remittance services by mobile banking operators, the United Republic of Tanzania being a case in point, the costs of remitting continued to be prohibitive and, in some cases, the highest in the world. One reason for the high cost is that most remittances were made in the form of cash through money transfer firms or banks serving as agents for such firms. By contrast, account-to-account or cash-to-account vehicles, which are cheaper, accounted for only a small share of the total flows remitted. The challenge is not only to reduce the costs of remitting, but also to leverage the development impact of these flows, in particular by building productive capacities in least developed countries. More coherent and comprehensive national policies on migration and remittances, together with proper interface in the host countries, would be beneficial to all.

Governance at all levels

94. In most of the least developed countries, leaders are selected through multiparty elections. Checks and balances on executive power have been developed gradually. Progress has been fragile, as shown by instances of temporary relapse to undemocratic systems and setbacks in the electoral process in some countries. Many least developed countries have also made important strides towards increased political participation by women.

95. A majority of least developed countries have committed to fighting corruption. The number of least developed countries that have accepted, signed or ratified the United Nations Convention against Corruption reached 41 in 2013, up from 40 in 2012. In 2013, Guinea and Kiribati ratified the Convention and five least developed countries completed their reviews as part of the Convention's implementation review mechanism. The issues of transfer pricing and illicit capital flows have also gained increased attention in discussions of the Group of Eight and the Group of 20 (G20). Most of these discussions have yet to translate into concrete and effective plans of action, however. If designed and implemented, these plans of action will reverse a major drain of savings, which would have otherwise been channelled to growth and development activities, from the least developed countries.

96. A growing number of least developed countries have also complied with the principles of the Extractive Industries Transparency Initiative, publicly disclosing information on extractive industry revenues accruing to their governments. As of April 2014, 10 least developed countries were compliant with the Initiative, meeting all its requirements, while 7 others had implemented the Initiative but had not yet met all its requirements.

97. Many least developed countries have also continued to make progress in strengthening budget preparation, execution and monitoring, thereby improving the transparency of public spending. For example, at least nine have systems in place for tracking allocations on gender equality. In addition, efforts have been made to

improve tax and customs administration and to broaden the tax base. However, sustaining and accelerating progress will hinge in part on continued support and funding from donors.

98. No significant progress has been made in reforming global governance structures. A set of reforms was proposed to reflect the growing weight of developing countries in the global economy, but the reforms resulted only in increased representation for the World Bank's Executive Board and one additional seat for sub-Saharan Africa, where two thirds of the least developed countries are located. Reforms of the IMF Executive Board and of the countries' quotas were also proposed, but as of April 2014 they had not been adopted, owing to insufficient votes in their favour. Even if the reforms are adopted, the representation of the least developed countries will not match their demographic size and the sheer magnitude of the activities of IMF in these countries.

IV. Engagement of stakeholders in the implementation of the Istanbul Programme of Action

Efforts by Member States to implement the Istanbul Programme of Action

99. After mainstreaming the Istanbul Programme of Action into relevant planning documents for the least developed countries, efficient implementation, follow-up and monitoring at the national level is needed to achieve the specific objective of enabling half of the least developed countries to meet the criteria for graduation by 2020.

100. The successive sessions of the annual workshops for the national focal points of the least developed countries[17] organized by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States have revealed that a majority of the least developed countries have already aligned their national development strategies with the eight priority areas of the Programme of Action and that many of them have moved towards the implementation phase. The level of implementation and progress towards the goals and targets vary across the eight priority areas as well as across least developed countries. However, many least developed countries have made notable progress.

101. In Ethiopia, the Istanbul Programme of Action has been fully integrated into the medium-term national development plan and is now under implementation across the country. Similarly, Tuvalu has aligned its national plan with the priority areas of the Programme of Action and has established sectoral strategies for achieving some of them, including developing a 10-year national energy master plan with the aim of achieving 100 per cent renewable energy by 2020. Currently, the implementation of this plan is under way with renewable energy projects that use

[17] Annual workshops for the national focal points of the least developed countries provide a platform for the policymakers of the least developed countries to review the state of implementation of the Istanbul Programme of Action in their respective countries, identify challenges and share lessons learned and good practices.

geothermal, solar, wind and biomass. This will contribute directly to structural transformation and support private sector growth in Tuvalu.

102. In line with the Istanbul Programme of Action, Nepal has focused its government policies on increasing the productive capacities of its economy. In its current three-year plan, it has focused on generating employment and adding value in agriculture and manufacturing. The financial sector has been expanded to more rural areas and its microenterprise development programme has been implemented in 48 districts. There is a growing realization that a coherent and sustained approach through more investment in infrastructure, energy and productive sectors is critical to promoting sustainable development. These actions have helped somewhat to increase the number of products based on local raw materials and the use of improved technology and skills. Similarly, Burkina Faso has made progress in various areas that contribute to the productive capacity of the country, investing in improving road transport infrastructure, telecommunications and access to energy. Zambia has also been making steady progress towards achieving the objectives of the Istanbul Programme of Action through the implementation of various development programmes. Its economic growth has been driven in large part by the development of the construction, transport, communications, commerce and trade sectors.

103. Several least developed countries have stepped up South-South and triangular cooperation. Guinea, for example, has established technical and scientific programmes with South American and African countries. Djibouti has initiated a number of large infrastructure projects with the support of China and Qatar. South-South and triangular cooperation will be discussed in detail during the Ministerial Conference on New Partnerships for the Development of Productive Capacities in Least Developed Countries, to be held in Cotonou, Benin, in July 2014.

104. In some countries, the early implementation of the Istanbul Programme of Action has also encountered challenges, both domestic and external, including inadequate financial, technical and technological capacities. In particular, improving technical and technological capacities in both the public and private sectors is seen as critical to effectively implementing and operating various investment projects. In addition, the political and security situations in some countries hamper the implementation of national development strategies and the Programme of Action.

105. There has been some progress with respect to graduation from the least developed country category. On 1 January 2014, Samoa graduated from the category, making it the fourth country to do so. In December 2013, the General Assembly resolved that Equatorial Guinea would graduate in June 2017 and Vanuatu in December 2017 (see Assembly resolution 68/18). The Committee for Development Policy is monitoring these graduated and graduating countries, as well as Maldives, which graduated in 2011 (see E/2014/33).

106. The number of least developed countries aspiring to graduate around 2020 has increased further. Many have started preparing assessments of the impact that graduation will have on official development assistance and trade, including through an exchange of views with graduated countries. Several are also drafting graduation strategies.

107. At the 12th round-table meeting for Bhutan and its development partners, which was held in December 2013, the Government of Bhutan presented the eleventh five-year plan, for the period 2013-2018, in which it is strongly reiterated

that graduation from the list of least developed countries by 2020 is one of the Government's top priorities. Another objective of the meeting was to ensure better alignment of development assistance with national priorities to improve the effectiveness of aid.

108. The concerns specific to least developed countries have also been reflected in reports and outcome documents of their development partners. For example, the G20 Leaders' Declaration, issued following the September 2013 meeting held in Saint Petersburg, Russian Federation, makes explicit reference to the Istanbul Declaration and Programme of Action. The Saint Petersburg Accountability Report on G20 Development Commitments makes several references to least developed countries in the areas of agricultural innovation and Aid for Trade and notes the progress already made by G20 members on duty-free, quota-free market access for least developed countries' products.

109. While total resources for Aid for Trade increased significantly in 2012, the share going to least developed countries declined by 2 per cent, to 24 per cent of the total. With support provided through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, many least developed countries have included new trade-related priorities in their national development strategies, as well as in donor consultations and dialogue. Least developed countries attach importance to value chains as drivers of new Aid for Trade needs. Myanmar joined the Framework in 2013, bringing the total number of beneficiary countries to 49, of which 46 are least developed countries and 3 are recently graduated countries, namely, Cabo Verde, Maldives and Samoa. The Framework's operations, financed through a multi-donor trust fund, totalled around $238 million in contributions at the end of 2013. However, contributions dropped significantly in 2012 and 2013.

110. The Conference of the Parties to the United Nations Framework Convention on Climate Change, at its nineteenth session, in November 2013, agreed on the establishment of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, which is expected to increase access to funding related to climate change adaptation for least developed countries. Several countries are prioritizing least developed countries and small island developing States with respect to climate funding through increased contributions to the Least Developed Countries Fund and the Adaptation Fund.

111. There was some progress towards the operationalization of the Green Climate Fund. In February 2014, its board decided that the Fund would aim for a 50-50 balance between mitigation and adaptation over time and for a floor of 50 per cent of the adaptation allocation for particularly vulnerable countries, including least developed countries, small island developing States and African States. However, the current overall commitments for climate change adaptation are not sufficient to cover the financial needs of the least developed countries with respect to climate change adaptation and mitigation.

112. Several bilateral donors announced that they would prioritize least developed countries in their cooperation, mostly together with other groups of countries (e.g., fragile States and Africa), often combined with an increased focus on poverty reduction. Several donor countries featured a majority of least developed countries in their list of partner countries. However, the share of total official development assistance going to least developed countries declined significantly for 10 Development Assistance Committee donors. One reason for this decline is the

increasing share of concessional loans, which are directed mostly to countries other than least developed countries. Several non-Committee donors focused their support for least developed countries on infrastructure development as well as the exchange of experiences and capacity-building, for example, through scholarships. South-South and triangular cooperation in support of least developed country development has also been growing.

Progress with respect to mutual accountability

113. In its resolution 68/224, the General Assembly underlined the need to ensure the mutual accountability of the least developed countries and their development partners and requested the Secretary-General to report on the follow-up to paragraph 145 of the Istanbul Programme of Action regarding the steps taken to ensure mutual accountability. Member States have agreed that necessary steps will be taken to ensure the mutual accountability of least developed countries and their development partners for delivering their commitments undertaken under the Programme of Action.

114. A number of initiatives are already in place to ensure mutual accountability, which can make an important contribution to improving development cooperation partnerships. The annual report of the Secretary-General takes stock of the implementation of the goals and targets of the Istanbul Programme of Action, including commitments made by least developed countries and their development partners. The discussions in the General Assembly and the Economic and Social Council on agenda items 22 (a) and 9 (b), respectively, also provide an important opportunity for least developed countries and their development partners to engage in a dialogue on their respective contributions to the implementation of the Programme of Action. These two processes are critical for the least developed countries and their development partners to implement their respective commitments.

115. The Development Cooperation Forum of the Economic and Social Council serves as an important multi-stakeholder forum for mutual accountability on aid effectiveness. During the deliberations at the Forum's 2014 Germany High-level Symposium on "Accountable and effective development cooperation in a post-2015 era", it was highlighted that the preconditions for accountability are closely related to governance and include real commitments backed by political will, the alignment of priorities by different actors, a culture of accountability and trust and capacity, especially in recipient countries. Malawi reported that it had created an aid management platform that provided online information on donor-financed projects to enhance transparency and alignment with national priorities. A large number of least developed countries participated in a survey on mutual accountability, expressing the high priority that they attached to this issue. One of the findings was that accountability is still skewed towards recipient Governments rather than being truly mutual.

116. Some least developed countries have put in place performance assessment frameworks at the national level, to undertake an assessment of the performance of individual donors on aid effectiveness commitments, which can be a powerful tool to incentivize good performance among donor peers.

117. Despite the processes already in place for mutual accountability, there is still a considerable lag in the fulfilment of the Istanbul Programme of Action commitments

by development partners. Therefore, progress in mutual accountability is vitally important. Country-level experience shows that donor-to-donor peer pressure as well as strong government leadership can be an effective incentive for donors to fulfil their commitments. More voice and participation on the part of least developed countries in the existing peer review processes are also vital. Likewise, the dialogue between least developed countries and their development partners on the roles and responsibilities of each stakeholder in the aid relationship should be more structured. Providing appropriate space and platforms for such dialogue is essential.

Efforts by other stakeholders to implement the Istanbul Programme of Action

118. Parliaments of least developed countries have also been actively involved in the implementation of the Istanbul Programme of Action. During the 129th Inter-Parliamentary Union Assembly in 2013, the Committee on United Nations Affairs discussed the follow-up to the Istanbul Programme of Action, specifically, how to translate the level of commitment reflected in the Programme of Action into effective follow-up action by all development partners. Special attention was paid to the question of how to support the mainstreaming of the Programme of Action into the work of the parliaments of least developed countries and development partner countries. To this end, the discussion also reflected on the findings of focus groups conducted in several least developed country parliaments in close cooperation with the United Nations Development Programme (UNDP) country offices in the lead-up to the session.

119. On the basis of these findings, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States prepared a publication entitled *Parliamentary Engagement in the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020*.[18] It outlines a clear strategy for unlocking the unfulfilled potential of strong parliamentary mobilization in the implementation of the Programme of Action, drawing on evidence that a crucial component of good governance in least developed countries is an active parliament, which promotes key priorities and contributes to forging consensus on development strategies aimed at graduation from least developed country status. In this respect, it is important to make sure that all inflows of funds from development partners are on budget and therefore can be monitored by parliaments.

120. Academia remains involved as well. LDC IV Monitor, a group of think tanks and academic institutions from least developed and partner countries, undertook policy-oriented research on the implementation of the priority areas of action of the Programme of Action and organized events to help maintain and increase the interest of policymakers, practitioners and the public in the outcome of the Fourth United Nations Conference on the Least Developed Countries, held in 2011.

121. On the civil society front, LDC Watch continues to campaign for the prioritization of least developed countries in global partnerships and the mainstreaming in a prominent manner of relevant issues into the post-2015 development agenda. The International Institute for Environment and Development

[18] See http://unohrlls.org/custom-content/uploads/2014/01/IPoA-Parliaments-2013.pdf.

has convened a high-level least developed countries independent expert group on the post-2015 development agenda, chaired by the former Prime Minister of Haiti Michèle Duvivier Pierre-Louis, which has prepared several documents.

122. Private sector partners have been actively engaged in the implementation of the Istanbul Programme of Action. As a follow-up to the private sector initiatives launched in Istanbul, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States organized a high-level event on sustainable energy for the least developed countries in New York in September 2013. Private sector representatives were among the participants in this event, which resulted in an outcome document highlighting the political commitment of the least developed countries to push forward the sustainable energy agenda in partnership with the private sector.

123. The High Representative has also advocated for the interests of the least developed countries as a member of the Sustainable Energy for All Advisory Board and of the Broadband Commission for Digital Development, both of which have significant private sector representation. In addition, the Office of the High Representative has been focusing on energy access and financing for sustainable energy, areas that need active and strong engagement on the part of the private sector to ensure that the goals of the Sustainable Energy for All initiative are achieved in the least developed countries. Through the Broadband Commission, the Office of the High Representative has highlighted the ongoing structural obstacles faced by the least developed countries in their pursuit of increased access to broadband technology and advocated targeted policy measures to address the lack of finance and investment in information and communications technology in least developed countries.

Support by the United Nations system and regional and international organizations for least developed country priorities[19]

124. United Nations coordination mechanisms, such as the High-level Committee on Programmes of the United Nations System Chief Executives Board for Coordination (CEB), took up the issue of the implementation of the Istanbul Programme of Action with a view to ensuring coordination and monitoring on a system-wide basis, including through the implementation of the mandate emanating from General Assembly resolution 67/220.

125. Since 2011, 17 United Nations and other entities have taken decisions to mainstream the Istanbul Programme of Action and integrate its provisions into their work programmes. In order to assist organizations that had not yet been able to do so, the High-level Committee on Programmes tasked the Office of the High Representative with the development of a set of guidelines and best practices as a toolkit for mainstreaming the Programme of Action for consideration by the Committee.

126. During the reporting period, the Office of the High Representative continued to fulfil its functions to assist the Secretary-General in providing effective follow-up

[19] The narrative is based on inputs submitted by the United Nations system and regional and international organizations.

and monitoring of the implementation of the Istanbul Programme of Action and mobilizing international support and resources for its effective implementation.

127. The Office of the High Representative is also tasked with the full mobilization and coordination of the United Nations system with a view to facilitating the coherent and coordinated implementation of the Istanbul Programme of Action at the country, regional and global levels. For this purpose, the High Representative convenes regular meetings of the Inter-Agency Consultative Group for Least Developed Countries, which provide a platform for cooperation among the United Nations system and other international organizations while enhancing the scope and effectiveness of their support for least developed countries. As endorsed by the High-level Committee on Programmes, the Consultative Group is expected to harmonize its agenda with that of the Committee, thereby creating greater synergy between the work of the two bodies and ensuring more focused treatment of matters related to least developed countries in the Committee's deliberations and reports.

128. The United Nations system and other organizations support least developed countries through the provision of operational support, capacity-building and technical assistance as well as policy-oriented research and analysis on development issues covering all priority areas of the Istanbul Programme of Action. The paragraphs below provide a summary of some of the efforts of these organizations.

129. The Office of the High Representative continued its advocacy work to raise international awareness and place the special development challenges confronted by the least developed countries high on the global development cooperation agenda, including with the support of the Department of Public Information. The High Representative focused his advocacy on reflecting these countries' needs and priorities in the post-2015 development agenda and the sustainable development goals.

130. The Office of the High Representative organized a series of events dedicated to fostering partnerships between the least developed countries and their development partners while bringing the least developed countries' priorities forward in the global debate on a post-2015 development agenda. These included: (a) the high-level event on sustainable energy for the least developed countries, co-chaired by the Heads of State of Ethiopia, Liberia and Norway and held on the margins of the general debate of the General Assembly at its sixty-eighth session, in September 2013; (b) a consultative meeting among permanent representatives, held in Glen Cove, New York, in November 2013; and (c) a special event on "The post-2015 development framework: priorities for the least developed countries", held in collaboration with Wilton Park and the International Institute for Environment and Development in the United Kingdom in January 2014.

131. With a view to showcasing the efforts of least developed countries that are aspiring to graduate, the Office of the High Representative collaborated with the Group of Friends of Least Developed Countries in the organization of a ministerial breakfast meeting on graduation, held on 25 September 2013 and co-chaired by the Minister for Foreign Affairs of Turkey and the Minister of Development Cooperation of Belgium, in their capacity as Chairs of the Group of Friends. The meeting provided an opportunity for ministers of aspiring-to-graduate least developed countries to engage in an interactive discussion with ministers of development partners and to gather enhanced support to sustain their development efforts towards the full and timely implementation of the Istanbul Programme of

Action by 2020. In addition, at the request of the Government of Angola, the Office of the High Representative led a national workshop on graduation strategies, in Luanda in July 2013, in close cooperation with the United Nations country team, UNDP and the Economic Commission for Africa (ECA).

132. Analytical work was dedicated to the first report of the Office of the High Representative in a series entitled "The state of the least developed countries". The first report was published in September 2013, with a thematic focus on productive capacity-building, which is the first priority area of the Istanbul Programme of Action. The preparation of the second report is under way, with a focus on the eradication of extreme poverty in the least developed countries.

133. United Nations regional commissions continued to pay special attention in their programming to the needs of the least developed Member States. Among its many activities, ECA supported the establishment of the African Mineral Development Centre to serve as the operational arm of the Africa Mining Vision, and published a study on building economic resilience in African least developed countries to respond to climate change. Another study under way will provide lessons learned in development planning in Africa, including recommendations for least developed countries and their graduation process. The activities of the Office of the Special Adviser on Africa also contributed to the endeavours of African least developed countries towards inclusive growth and sustainable development.

134. The Economic and Social Commission for Asia and the Pacific (ESCAP) carried out numerous capacity-development projects, with a focus on topics ranging from transport infrastructure development and trade facilitation to energy security, water resources, disaster risk reduction and sustainable urban development. In cooperation with the Government of Cambodia, ESCAP and the Department of Economic and Social Affairs jointly organized a regional training workshop on graduation strategies in Siem Reap, Cambodia, in December 2013.

135. The Economic Commission for Latin America and the Caribbean supported Haiti through a project on social protection and conditional cash transfers. In Yemen and the Sudan, the Economic and Social Commission for Western Asia implemented advisory services and conducted capacity-building activities in the area of human and social development; on good governance, statistics and poverty analysis; and on productive capacity, trade and commodities.

136. The United Nations Conference on Trade and Development (UNCTAD) continued to assist least developed countries through its dedicated research and policy analysis, technical cooperation and capacity-building activities. As a contribution to the monitoring of the Istanbul Programme of Action, UNCTAD started developing quantifiable indicators with a view to measuring and benchmarking economy-wide productive capacities in least developed countries. Its *Least Developed Countries Report 2013: Growth with Employment for Inclusive and Sustainable Development* focused on growth with employment for inclusive and sustainable development. Other UNCTAD projects supported the strengthening of the least developed countries' capacity to benefit from information technologies and to address challenges in maritime logistics and effectively manage ports, as well as to effectively negotiate trade facilitation arrangements at the bilateral and regional levels.

137. WTO continued to provide technical assistance and capacity-building to its least developed country member States through, inter alia, the Enhanced Integrated Framework, a multi-donor initiative. In 2013, the WTO Subcommittee on Least Developed Countries mainstreamed the Istanbul Programme of Action by adopting a revised work programme. At the Ninth Ministerial Conference of WTO, held in Bali in December 2013, trade ministers welcomed Yemen as a new member and adopted a least developed country package consisting of specific decisions relating to duty-free and quota-free market access, preferential rules of origin and the least developed country services waiver. A fourth decision on cotton was also of particular importance to the least developed countries.

138. The International Trade Centre continued to provide technical cooperation to least developed countries in export promotion and trade development. Advisory services were delivered to the private sector and Governments of least developed countries that are in the early stages of accession to WTO, in order to raise awareness and build business support. Strengthening the pineapple and cotton export value chains, supporting the silk sector for export diversification and improving economic benefits for women in the coffee sector were the objectives of other projects of the Centre benefiting least developed countries.

139. In the wake of the global financial crisis, IMF worked with low-income countries, many of them least developed countries, to help them increase their resilience to future shocks. It significantly increased the resources available to them, to $17 billion for the period 2009-2014, with no interest applied on any concessional lending through the end of 2014, through the various windows of the Poverty Reduction and Growth Trust, ranging from short-term and emergency financing to medium-term balance of payment support.

140. With the exception of Equatorial Guinea, all least developed countries continued to be eligible for concessional credits or grants to address their most pressing development challenges under the International Development Association of the World Bank Group.

141. Least developed countries also benefited from softer financing terms for projects financed by the International Fund for Agricultural Development in support of small-scale agricultural development, including vocational training and agricultural productivity improvement, pro-poor value chain development and small irrigation projects in 44 least developed countries. Natural resource management was another area of increasing investment.

142. The United Nations Capital Development Fund focused its work on inclusive and local development finance with respect to least developed countries, with its overall approach framed by the Istanbul Programme of Action. In an effort to enhance the mobilization of domestic resources, it implemented the MicroLead expansion programme in 17 least developed countries to increase access to financial services, particularly savings services, by providing grants and loans that incentivized leading providers to start up new financial institutions targeting low-income segments of the population in underserved areas.

143. The assistance provided by the International Atomic Energy Agency to least developed countries focused on developing national technical, managerial and institutional capacities in nuclear science and technology, with the aim of promoting sustainable applications of nuclear techniques in the areas of food and agriculture

productivity, nutrition and health services, water and environment and sustainable energy planning.

144. The United Nations Industrial Development Organization (UNIDO) held its biennial Least Developed Countries Ministerial Conference in Lima, in late 2013. The meeting contributed to leveraging South-South cooperation mechanisms, with support from emerging countries, towards implementing the UNIDO operational strategy 2012-2020 for least developed countries, which is articulated around concrete solutions leading to inclusive growth, sustainable industrial development and, ultimately, structural transformation of the economies of the least developed countries.

145. The United Nations Office for South-South Cooperation supported five least developed countries in their efforts to establish a coherent social protection floor framework through the facilitation of the exchange of best practices, knowledge and skills in this area, provided by experts from Brazil, China, India and Thailand.

146. The International Telecommunication Union continued to implement actions to help the least developed countries bridge their digital gap and leverage the power of information and communications technology and broadband as a fundamental driver of development. The United Nations Office for Project Services provided support to least developed countries through implementation, transactional and advisory services in the areas of sustainable infrastructure, procurement and project management.

147. The United Nations Children's Fund continued to provide focused attention to least developed countries through the partnerships A Promise Renewed, Scaling Up Nutrition and Sanitation and Water for All.

148. Least developed countries received assistance from the Food and Agriculture Organization of the United Nations (FAO) in key priority areas, including the sustainable intensification of crop and livestock production; the management and use of fisheries and aquaculture resources; improved food security and better nutrition; the management and sustainable use of forestry resources; and trade and market development.

149. Food security was at the core of the interventions of the World Food Programme (WFP) in least developed countries, where practically every second child is stunted. Food assistance was expanded and enhanced and safety-net programmes established to address hunger and malnutrition. In partnership with the Government of Brazil, the WFP Centre of Excellence against Hunger worked with 14 least developed countries to strengthen their capacities in the area of school feeding and nutrition.

150. The United Nations Population Fund contributed to strengthening national capacity to incorporate population issues into relevant national public policies, plans and expenditure frameworks in 45 least developed countries and assisted them in achieving universal access to sexual and reproductive health care and reducing maternal mortality.

151. The Joint United Nations Programme on HIV/AIDS interventions, under the global plan for the elimination of new HIV infections among children and keeping their mothers alive, led to 67 per cent coverage with respect to the prevention of mother-to-child infection in least developed countries in 2012, compared with

32 per cent in 2010, a remarkable sign of progress in curbing the epidemic in these countries.

152. Several United Nations agencies strengthened support for least developed countries in the area of climate change and environmental sustainability. UNDP assisted these countries in the formulation and implementation of green low-emission, climate-resilient strategies that allow for more effective responses to emerging opportunities in the climate change finance landscape. Technical support was also provided through its "Boots on the Ground" Strategic Initiative to Address Climate Change in the Least Developed Countries to enhance readiness to gain access to climate financing and implement sectoral reduction mechanisms.

153. The United Nations Educational, Scientific and Cultural Organization (UNESCO) provided targeted assistance through its dedicated climate change and action plan focusing on strengthening the climate change knowledge base for science, assessment, monitoring and early warning, and on promoting climate change mitigation and adaptation through enhanced education and public awareness.

154. The promotion of gender equality and the empowerment of women were at the core of the intervention by the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) in least developed countries, through programmes designed to engage women in peace and security processes, increase women's political participation and engage men and boys in the prevention of violence against women and girls. In this area, least developed countries also benefited from the continued implementation of the priority gender equality plan of UNESCO.

155. The Poverty-Environment Initiative, jointly administered by UNDP and the United Nations Environment Programme (UNEP), delivered financial and technical support to sustain capacity-building in 12 least developed countries to mainstream poverty-environment linkages into national development policy, planning and budgeting processes. In partnership with UNDP and FAO, UNEP worked with the Governments of least developed countries to bolster capacities to reduce emissions from deforestation and forest degradation.

156. UNDP assisted least developed countries in the area of good governance, including support for reforms of institutional, legal and regulatory frameworks, as well as towards increasing the efficiency and transparency of public sector service delivery. The assistance provided by the United Nations Office on Drugs and Crime to least developed countries encompassed the fight against corruption, transnational crime and illicit trafficking, the smuggling of immigrants and criminal justice.

157. The International Labour Organization continued to work closely with least developed countries to advance productive employment, skills development, and decent work and income opportunities. The capacities of the least developed countries were strengthened through the technical assistance provided by the International Organization for Migration in migration and border management and in managing resources of the diaspora for the inclusive growth and sustainable development of home countries.

V. Conclusions and recommendations

158. Three years into the process of implementation of the Istanbul Programme of Action, the least developed countries have continued to make progress towards achieving the goals and targets agreed upon in Istanbul. Both the least developed countries and their development partners have intensified their efforts to mainstream the Programme of Action into their national development and development cooperation strategies. Yet, many least developed countries are unlikely to reach the Millennium Development Goals and the targets of the Programme. Timely achievement of the Programme's goals and targets requires strengthened and coherent actions by the least developed countries and their development partners in the Programme's eight priority areas. Equally, the interests and concerns of these countries should be at the centre of actions during the remaining time leading up to the target date of the Millennium Development Goals.

159. It is important that the Istanbul Programme of Action be firmly integrated into the post-2015 development agenda and the sustainable development goals, since the Programme of Action captures, in its eight priority areas, important aspects of the three dimensions of sustainable development, with a special focus on the most marginalized people of the world. As stated in the Secretary-General's report entitled "A life of dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015" (A/68/202 and Corr.1), the sustainable development agenda in the post-2015 framework should leave no one behind and should be transformative, so that a life of dignity for all can be ensured.

160. The focus on building robust and sustainable productive capacity in agriculture, manufacturing and services in the least developed countries must continue. As noted above, progress in this regard is the key to achieving economic transformation and social progress, reducing dependence on external assistance and integrating into global value chains in particular and the globalized world economy and trade in general. Development partners should strengthen their support for the least developed countries in this area.

161. As noted above, government revenues in the least developed countries have been increasing, albeit slowly. These trends, as well as the actions of these countries to combat corruption and increase transparency, need to be strengthened. Several least developed countries are among the top performers with respect to easing obstacles associated with the creation and running of businesses. Further efforts in this area are needed, and support (for capacity-building in tax and customs administration, for example) needs to be stepped up. It is also important that all stakeholders continue to focus activities in support of the efforts of the least developed countries towards gender equality and women's empowerment.

162. The moderate progress made towards achieving the goals and targets of the Istanbul Programme of Action and the growing challenges faced by the least developed countries underline the need for their development partners and other stakeholders to give them due priority. This is not only an imperative in and of itself, but also a means to promote a stable and peaceful global order. The recent decline in official development assistance to the least developed countries, which has been steeper than the reduction in aid to other developing countries, is particularly worrisome. Unless corrective actions are taken, this decline is expected

to continue, according to the Development Assistance Committee's *Outlook on Aid: Survey on Donors' Forward Spending Plans 2013-2016*. This trend must be reversed, with important steps taken to live up to the official development assistance commitments set forth in the Istanbul Programme of Action. More priority should be given to the least developed countries in the allocation of this assistance and other resources at a level commensurate with their needs and complex challenges.

163. With respect to mutual accountability, more structured dialogue between the least developed countries and their development partners on the roles and responsibilities of each stakeholder in the aid relationship is vitally important. Providing appropriate space and platforms for such dialogue is essential. Thus, the national voluntary presentations under the annual ministerial review of the Economic and Social Council should include a focus on the fulfilment of commitments by least developed countries and their development partners on the implementation of the Istanbul Programme of Action. The Development Cooperation Forum of the Council should serve as a universal forum for mutual accountability on aid effectiveness. The high-level political forum on sustainable development should also constantly review the progress made by least developed countries in fulfilling the aspirations set out in the Istanbul Programme of Action as well as other internationally agreed development goals. In order to enhance both mutual and domestic accountability, the availability of timely and accurate data is also crucial. Thus, capacity-building for data collection and processing must be enhanced, especially in areas likely to be covered by the sustainable development goals and related targets and indicators.

164. The least developed country package agreed upon at the Ninth Ministerial Conference of WTO, held in Bali in 2013, has the potential to advance the cause of least developed countries in the multilateral trading system, especially with respect to duty-free, quota-free market access, through guidelines for simplified and flexible preferential rules of origin, the possibility of preferential treatment in trade in services through a waiver, and enhanced transparency and monitoring of trade-related aspects of cotton.

165. These agreements, if implemented, would be important steps towards improving market access for the products of the least developed countries. They should, however, be complemented by a significant reduction in non-tariff barriers, which constitute a major impediment to market access. Therefore, concrete follow-up actions are also required to implement these decisions. For example, the least developed countries should identify markets where rules of origin are a significant obstacle to exporting. All partners should simplify and harmonize the rules of origin for the least developed countries in order to facilitate better market access for their products. Trading partners should indicate in what areas and modes of supply the service waiver could be implemented.

166. Furthermore, channelling a larger share of Aid for Trade resources to least developed countries would assist these countries in removing their production and supply bottlenecks, enabling them to better utilize market access opportunities. More resources with longer-term predictability should be ensured for the Enhanced Integrated Framework in order to help enhance the trading capacity of these countries.

167. As noted above, one of the positive developments in the implementation of the Istanbul Programme of Action is the unprecedented 20 per cent increase in the

levels of foreign direct investment inflows to the least developed countries between 2011 and 2012. Even though this investment is concentrated in some sectors and in some countries, stronger policies and actions by both these countries and foreign direct investment home countries can play a crucial role in further enhancing foreign direct investment flows that would contribute to ensuring inclusive and rapid growth and structural transformation in the least developed countries. The Office of the High Representative has launched the preparation of a report, in line with the request made by the General Assembly in resolution 67/220, focusing on national policies and regulatory frameworks for stimulating foreign direct investment in least developed countries and outlining options and modalities of investment promotion regimes for least developed countries. It is expected that the report, which will be completed before the sixty-ninth session of the Assembly, will provide useful guidance in this respect. The timely operationalization of the Technology Bank and Science, Technology and Innovation Supporting Mechanism for the Least Developed Countries will constitute an important milestone in the implementation of the Programme of Action.

168. Given the deepening relationships between the least developed countries and emerging economies and the significant potential for further expansion, South-South cooperation and triangular cooperation should be strengthened in all areas of the Istanbul Programme of Action with a more institutionalized approach to collaborative effort. Similarly, resources from innovative financing should be made available for the development of the least developed countries.

169. Support by the United Nations system and some regional and international organizations continues to focus on least developed countries and their specific needs, as evidenced by the many activities noted above. However, more entities should take decisions towards the mainstreaming of the Istanbul Programme and integrate its provisions into their work programmes. In addition, building on progress in this area, the Office of the High Representative should continue to make efforts towards harmonizing the agenda of the Inter-agency Consultative Group on Small Island Developing States with that of CEB, with a view to assisting CEB in its work on least developed country issues.

170. Continued coordinated support for the least developed countries, led by the Office of the High Representative, will remain critical in order for these countries to effectively articulate their needs and concerns in the process of formulating the post-2015 development agenda and the sustainable development goals. Financial contributions by a number of development partner countries from both North and South have helped in undertaking this important task, and all stakeholders are invited to enhance their support in this regard. The report entitled "State of the least developed countries 2013"[20] and other analytical work of the Office should continue to focus on the critical development issues faced by these countries. Annual workshops of the national focal points of the least developed countries need to focus further on sharing experiences, with the view to accelerating progress towards achieving the goals and targets of the Istanbul Programme of Action and other internationally agreed goals.

171. It is encouraging that the number of least developed countries announcing their intention to reach graduation status around 2020 is increasing. These countries

[20] See http://unohrlls.org/custom-content/uploads/2013/10/State-of-the-LDCs-2013.pdf.

should start to prepare their smooth transition strategy as early as possible and request specific support. Development partners should enhance smooth transition measures for graduated countries in a flexible manner. As requested by the General Assembly in its resolution 68/224, relevant organizations of the United Nations system, led by the Office of the High Representative, should also step up their assistance to graduating countries to support their smooth transition from least developed country status.

172. The midterm review of the Istanbul Programme of Action will provide an important opportunity to assess its effective implementation, highlight progress made and address continuing challenges. It is crucial that preparations at the national, regional and global levels start early in order to allow for meaningful deliberations. It is also important that the United Nations system, especially the relevant regional commissions, as well as all relevant stakeholders, be fully engaged in these preparations. The midterm review is expected to be a central element of mutual accountability with respect to the Programme of Action and will help guide the United Nations system towards its effective implementation.

Annex

Data

The indicators contained in the present annex were calculated by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States using information from official, published sources, which are cited with each table. The newest available data were used in each case; as a result, some of the data may differ from those published in previous years. In addition, owing to differences in methodology, the aggregates published here may differ somewhat from other published sources.

Aggregates are weighted as appropriate, treating all countries in the group as if they were one country, with the exception of the Liner shipping connectivity index (table 2) and percentage of parliamentary seats held by women (table 5), in which simple averages are shown. In cases where data for a particular country are unavailable for one or more of the time periods shown, data for that country have been omitted from the aggregates for that indicator.

Years separated by a hyphen (such as 2001-2010) indicate data based on averages for the period shown, unless otherwise indicated in the notes to the tables. Years separated by a slash (such as 2009/2010) indicate that data are shown for the most recent year available in the period.

A more detailed dataset with figures for individual countries is available at http://unohrlls.org/about-ldcs/indicators-and-statistics.

Table 1
Economic growth and poverty

	Annual growth rate of gross domestic product (in constant United States dollars) (percentage)						*Percentage of population below international poverty line*
	2009	*2010*	*2011*	*2012*	*2013*	*2014*	*2001-2010*
African least developed countries	4.5	5.6	4.0	3.2	5.7	5.9	55.0
Asian and Pacific least developed countries	6.7	6.9	3.6	6.1	5.5	5.4	41.5
All least developed countries	**5.3**	**5.9**	**3.9**	**4.3**	**5.6**	**5.7**	**50.8**

Source: United Nations Statistics Division (http://unstats.un.org/unsd/databases.htm); World Bank, Development Research Group (http://iresearch.worldbank.org/PovcalNet/index.htm); United Nations Department of Economic and Social Affairs; International Monetary Fund.

Note: Figures for the proportion of the population below the poverty line are averages of all available observations between 2001 and 2012.

Table 2
Productive capacity

	African least developed countries		*Asian and Pacific least developed countries*		*All least developed countries*	
	2001-2010	*2011-2012*	*2001-2010*	*2011-2012*	*2001-2010*	*2011-2012*
Value-added share of manufacturing, agriculture and services						
Value-added share of manufacturing (percentage of GDP)	7.4	6.9	14.1	15.1	**9.9**	**9.5**
Value-added share of agriculture (percentage of GDP)	28.1	25.5	22.4	22.7	**26.0**	**24.6**
Value-added share of services (percentage of GDP)	40.8	40.1	49.2	50.9	**43.9**	**43.5**
Gross capital formation (percentage of GDP)	21.5	23.2	22.8	26.1	**22.0**	**24.1**
	2011	*2012*	*2011*	*2012*	*2011*	*2012*
Connectivity						
Internet users (per 100 people)	6.0	6.8	5.4	6.7	**5.8**	**6.8**
Mobile-cellular subscriptions (per 100 people)	38.6	43.3	47.6	56.3	**41.9**	**48.2**
Liner shipping connectivity index	8.0	8.7	5.9	6.0	**7.4**	**7.9**
	2000	*2010*	*2000*	*2010*	*2000*	*2010*
Energy						
Access to electricity (percentage of population)	13.1	19.1	39.1	52.8	**23.6**	**31.5**
Urban	45.0	54.4	85.3	87.8	**60.9**	**66.1**
Rural	2.4	5.3	21.3	39.9	**10.0**	**18.1**
Share of renewable capacity in total capacity (percentage)	74.9	70.9	29.4	37.1	**57.1**	**55.1**
Change in total installed generation capacity per capita, 2000-2010		6.3		65.7		**27.3**

Source: World Bank, national accounts data (http://databank.worldbank.org/data/home.aspx); International Telecommunication Union, World Telecommunication/ICT Development Report and database and World Bank estimates; United Nations Conference on Trade and Development, Review of Maritime Transport 2010; Sustainable Energy for All Global Tracking Framework (http://www.se4all.org/tracking-progress).

Table 3
Agriculture, food security and rural development

	African least developed countries		*Asian and Pacific least developed countries*		*All least developed countries*	
	2006/2008	*2009/2012*	*2006/2008*	*2009/2012*	*2006/2008*	*2009/2012*
Malnutrition prevalence (percentage of children under 5)						
Weight for age	21.8	19.4	39.8	34.9	**29.2**	**25.3**
Height for age (stunting)	41.8	39.8	43.9	41.2	**42.6**	**40.3**
		2006/2009		*2006/2009*		*2006/2009*
Agricultural irrigated land (percentage of total agricultural land)		1.1		13.6		4.2
	2001-2010	*2011-2012*	*2001-2010*	*2011-2012*	*2001-2010*	*2011-2012*
Value-added share of agriculture, percentage difference	-0.6	0.9	-2.3	-2.4	**-1.1**	**-0.1**

Source: World Health Organization, Global Database on Child Growth and Malnutrition (http://www.who.int/nutgrowthdb/en); Food and Agriculture Organization of the United Nations (http://www.fao.org/statistics/en); World Bank national accounts data (http://databank.worldbank.org/data/home.aspx).
Note: For value-added share of agriculture, a negative sign indicates that the value-added share has decreased.

Table 4
Trade and commodities

	Percentage of exports in world total exports				*Exports of primary commodities, percentage of total exports*			
	2001	*2005*	*2010*	*2012*	*2001*	*2005*	*2010*	*2012*
African least developed countries	0.3139	0.5046	0.6910	0.7946	89	93	93	94
Asian and Pacific least developed countries	0.2341	0.2312	0.3077	0.3081	39	44	43	40
All least developed countries	**0.5525**	**0.7403**	**1.0025**	**1.1072**	**67**	**77**	**77**	**79**

Source: United Nations Conference on Trade and Development (http://unctadstat.unctad.org).

Table 5
Human development

	African least developed countries		*Asian and Pacific least developed countries*		*All least developed countries*	
	2010	*2011/2012*	*2010*	*2011/2012*	*2010*	*2011/2012*
Education						
Net enrolment in primary education (percentage)	77	80	88	91	78	81
Pupil/teacher ratio in primary education	51	46	39	37	47	43
Net enrolment in secondary education (percentage)	20	22	46	47	37	38
Pupil/teacher ratio in secondary education	33	31	27	24	30	29
Gross enrolment in tertiary education (percentage)	5	6	13	12	7	9
	2005	*Most recent†*	*2005*	*Most recent†*	*2005*	*Most recent†*
Population and primary health						
Under-five mortality rate (deaths per 1,000 live births)	130	95	76	54	115	85
Infant mortality rate (deaths per 1,000 live births)	81	63	57	42	74	58
Maternal mortality rate (deaths per 100,000 births)	611	493	368	264	541	433
Contraceptive prevalence (percentage of women aged 15-49)		20		46		31
HIV prevalence (percentage of population aged 15-49)	3.8	3.3	0.3	0.2	2.3	2.0
	2000/2002	*2010/2012*	*2000/2002*	*2010/2012*	*2000/2002*	*2010/2012*
Youth development						
Youth literacy (percentage of population aged 15-24)	74	78	72	83	73	81
Female literacy (percentage of female population aged 15-24)	69	75	68	83	68	80
	2005	*2011*	*2005*	*2011*	*2005*	*2011*
Shelter, water and sanitation						
Percentage of population using an improved drinking water source	52	57	73	78	60	65
Urban	80	82	83	86	81	83
Rural	42	47	69	75	53	58
Percentage of population using an improved sanitation facility	23	27	47	53	33	36
Urban	38	40	62	65	47	49
Rural	17	21	43	49	27	31
	2005	*Most recent‡*	*2005*	*Most recent‡*	*2005*	*Most recent‡*
Gender equality and empowerment of women						
Percentage of parliamentary seats held by women	16	22	7	13	14	19
Percentage of female students in primary education	48	48	48	48	48	48
Percentage of female students in secondary education	42	44	48	49	45	46
Percentage of female students in tertiary education	40	35	36	35	39	35

(Footnotes on following page)

(Footnotes to table 5)

† Most recent figures for under-five mortality, infant mortality and HIV prevalence are dated 2012. Figures for maternal mortality are dated 2010. Contraceptive prevalence figures are an average of reported data from 2001-2011.

‡ Most recent figures for parliamentary seats held by women are dated 2013. Most recent figures for percentage of female students in primary, secondary and tertiary education are dated 2011/2012.

Source: United Nations Educational, Scientific and Cultural Organization Institute for Statistics (http://www.uis.unesco.org); United Nations Inter-agency Group for Child Mortality Estimation (http://www.childmortality.org); United Nations Maternal Mortality Estimation Inter-agency Group (http://www.maternalmortalitydata.org); World Bank, World Development Indicators (http://databank.worldbank.org); Joint United Nations Programme on HIV/AIDS estimates (http://www.unaids.org/en/dataanalysis/datatools/aidsinfo); Inter-Parliamentary Union (www.ipu.org); World Health Organization/United Nations Children's Fund Joint Monitoring Programme for Water Supply and Sanitation (http://www.wssinfo.org).

Table 6
Multiple crises and emerging challenges

	African least developed countries		*Asian and Pacific least developed countries*		*All least developed countries*	
	2010	*2011-2012*	*2010*	*2011-2012*	*2010*	*2011-2012*
Total reserves (percentage of external debt)	46.9	55.6	66.8	77.4	54.6	63.7
Total debt service (percentage of exports of goods, services and income)	4.0	4.4	4.7	3.9	4.3	4.2
Total debt service (percentage of government expenditure)	9.8	10.3	15.2	16.6	10.8	11.4

Source: International Monetary Fund, International Financial Statistics and data files (http://www.imf.org/external/data.htm); World Bank, International Debt Statistics (http://databank.worldbank.org).

Table 7
Mobilizing financial resources for development and capacity-building

	Gross domestic savings (percentage of GDP)			*Government revenue, excluding grants (percentage of GDP)*		
	2001-2010	*2011*	*2012*	*2001-2010*	*2010*	*2011*
African least developed countries	16.3	19.2	17.1	12.3	12.7	13.8
Asian and Pacific least developed countries	12.5	12.2	13.0	10.6	11.8	12.4
All least developed countries	**14.5**	**15.9**	**15.1**	**11.1**	**12.1**	**12.8**

Source: World Bank, national accounts data (http://databank.worldbank.org); International Monetary Fund, Government Finance Statistics Yearbook and data files (http://www.imf.org/external/data.htm).

Table 8
Aid from Organization for Economic Cooperation and Development Assistance Committee countries to least developed countries

	Net disbursements								
	2001-2002			*2011*			*2012*		
	USD millions	*Percentage of donor's total*	*Percentage of donor's GNI*	*USD millions*	*Percentage of donor's total*	*Percentage of donor's GNI*	*USD millions*	*Percentage of donor's total*	*Percentage of donor's GNI*
Australia	238	26	0.06	1 373	28	0.09	1 639	30	0.11
Austria	160	28	0.08	296	27	0.07	244	22	0.06
Belgium	349	36	0.14	1 064	38	0.20	704	30	0.14
Canada	359	20	0.05	1 943	36	0.11	1 945	34	0.11
Czech Republic	6	17	0.01	63	25	0.03	59	27	0.03
Denmark	571	35	0.35	1 090	37	0.32	1 004	37	0.31
Finland	144	34	0.11	461	33	0.17	445	34	0.18
France	1 558	32	0.11	3 616	28	0.13	2 533	21	0.10
Germany	1 364	26	0.07	3 675	26	0.10	3 678	28	0.11
Greece	45	19	0.04	67	16	0.02	50	15	0.02
Iceland	5	40	0.06	12	45	0.10	12	45	0.10
Ireland	189	55	0.20	479	52	0.27	418	52	0.24
Italy	885	45	0.08	1 521	35	0.07	701	26	0.04
Japan	2 058	22	0.05	4 115	38	0.07	4 640	44	0.08
Korea	63	23	0.01	474	36	0.04	579	36	0.05
Luxembourg	48	34	0.26	152	37	0.36	146	37	0.37
Netherlands	1 119	34	0.28	1 457	23	0.17	1 166	21	0.15
New Zealand	33	28	0.07	123	29	0.08	144	32	0.09
Norway	575	38	0.32	1 524	32	0.31	1 382	29	0.27
Poland	14	58	0.01	87	21	0.02	78	18	0.02
Portugal	174	59	0.15	345	49	0.15	177	30	0.09
Slovak Republic	1	8	0.00	17	20	0.02	15	19	0.02
Spain	300	17	0.05	1 075	26	0.07	483	24	0.04
Sweden	570	31	0.25	1 939	35	0.35	1 542	29	0.29
Switzerland	267	29	0.09	798	26	0.12	710	23	0.11
United Kingdom	1 534	32	0.10	5 195	38	0.21	4 615	33	0.19
United States	2 638	21	0.03	11 786	38	0.08	11 419	37	0.07
Total	**15 268**	**27**	**0.06**	**44 746**	**33**	**0.10**	**40 527**	**32**	**0.09**

Note: Includes imputed multilateral flows, i.e., making allowance for contributions through multilateral organizations, calculated using the geographical distribution of multilateral disbursements for the year of reference.
Source: Organization for Economic Cooperation and Development aid statistics (http://www.oecd.org/dac/stats).

Table 9
External debt and debt forgiveness

	External debt stock (percentage of GNI)		*External debt stock, percentage point difference*	*Debt forgiveness or reduction, cumulative since 2002 (percentage of GDP)*
	2011	*2012*	*2011-2012*	*2002-2012*
African least developed countries	30	30	0	-24
Asian and Pacific least developed countries	26	25	0	-2
All least developed countries	**28**	**28**	**0**	**-17**

Source: World Bank, International Debt Statistics (http://databank.worldbank.org).